

**RYAN PREPARED OPENING STATEMENT**  
**MARKUP – FY2008 BUDGET RESOLUTION**  
**MARCH 21, 2007**

- Both sides agree on the need to balance the budget. We both agree that the federal government should not spend more than it takes in each and every year. On that goal we can agree.
- But the disagreement between our parties– which will become abundantly clear today – is on how we reach that goal.
- As we listen to both sides present their views about this, we'll find that this debate is much more than a simple discussion about budgetary priorities over the next few years.
- Instead, it is a much larger debate about our governing philosophies, about what kind of society we envision, and about the kind of country we want to leave for future generations.
- With the budget that they have produced today, the Democrats are being true to their philosophy. They are being true to their belief that more government is better government. They are being true to the view that the best way to solve the myriad problems we face in this country is to spend more and more and to tax our people more and more to pay for that spending.
- Republicans have a different view. We believe that more taxation equals less freedom. We believe that the best America is an America free from the shackles of big government. We believe that the nucleus of our society and the engine of economic growth in this country is the individual, not the government. The American dream is the story of a person who, regardless of Race, Religion, Gender or Class, reaches their God-given potential by making the most of their franchise of liberty. And the more we tax this individual, the less freedom he will have, and the less freedom his family will have.
- Unlike the Democrats, we believe that the best way to balance the budget is to control spending – not to raise taxes.
- But that is just what the Democrat budget will do.
- If we pass this Democrat budget we will be passing the largest tax increase in American history – raising taxes on the American people by \$400 billion.
- And we're not just talking about raising taxes on the rich as the Democrats would like to have us believe. We are talking about raising taxes on every single American.
- For example, if the Democrats pass their budget they will be:
  - ▶ Raising marginal rates on all taxpayers;
  - ▶ Eliminating the ten percent bracket that has benefitted numerous low-income individuals;
  - ▶ Raising the tax on capital gains and dividends and discouraging investment in our economy and savings for seniors;
  - ▶ Slashing the child tax credit in half;
  - ▶ Reinstating the marriage penalty;
  - ▶ Reimposing the death tax and;
  - ▶ Eliminating the sales tax deduction for states like Texas and Florida.

- **Chart 8** – While they may claim otherwise, their revenue numbers tell a different story. They very clearly show that they are assuming the CBO baseline, which assumes a tax increase of nearly \$400 billion over the next five years. And it does NOT assume an AMT fix, the extension of the 10% bracket, the child tax credit, or anything else the Democrats might try to claim in their press releases.
- Doing everything that the Democrats claim to do would require over \$600 billion in offsetting tax increases, and we all know that it is impossible to get this type of money by closing the tax gap. After all, as Commissioner Everson testified before this very Committee, the most we could possibly get from the tax gap is \$20 billion, and it would take five years to get there.
- So what we really have here is a huge tax increase, a huge tax increase that will have the effect of significantly increasing the burden on individual taxpayers and small businesses and will completely ignore the positive impact of the tax relief passed by Republicans in 2003.
- To illustrate the growth effect of Republican tax policy, it's illustrative to pull up a few charts:
  - ▶ **Chart 1** – Before we provided tax relief in 2003, we were losing an average of 100,000 jobs per month. Since then, we've added 7.6 million new jobs at an average of 170,000 per month.
  - ▶ **Chart 2** – Before we provided tax relief in 2003, average GDP growth was 1.1 percent. Since then, its been 3.5 percent, higher than almost all of the industrialized world
  - ▶ **Chart 3** – When we passed tax relief, unemployment was at 6.1 percent. Now its all the way down to 4.5 percent.
  - ▶ **Chart 4** – And when we passed tax relief, business investment had been down for 9 straight quarters. Since then, its been up for 15 straight.
- Unfortunately, the Democrat Budget would ignore all of this evidence and all of these facts and threaten to put us right back into a recession where we were in 2001.
- **Chart 5** – And now let's look at revenues. The Democrats have been quick to claim that the reason for deficits these past few years has been the tax relief passed by the Republican Congress, but that is completely untrue. On the contrary, the tax relief has actually had the effect of increasing the revenue coming into the federal government. More importantly, 7.6 million new people got jobs.
- While revenue was decreasing for three straight years prior to the passage of tax relief, it has risen since then for three straight years, and in 2007 it is up again by almost 10 percent.
- So, looking at this data and looking at these charts, it is obvious that the federal government does not have a revenue problem, but we do have a massive spending problem. A spending problem that the Democrat Budget will be making much, much worse.
- Because for all their talk about reducing the deficit, all the Democrats have done since they came into the majority is to spend more and more money.
  - ▶ First, they passed an Omnibus bill that added \$6 billion in new spending.

- ▶ Next comes the Supplemental, which includes over \$21 billion in new and unrequested spending.
- ▶ And now, let's look at the Budget Resolution that we have before us today. This bill adds another \$24 billion in FY08.
- But for all of the additional spending and gimmicks in this budget, the worst thing about this budget is not what it includes, but what it does not.
- This budget does nothing, absolutely nothing, to address the entitlement problem.
- This budget ignores all of the witnesses that we've had before this committee who have said that we are facing a fiscal crisis, all of the witnesses who have said that entitlements are growing out of control, all of the witnesses who have said that the primary responsibility of this Budget Committee should be to address entitlement spending.
- And we're not just talking about Republican witnesses.
- We are talking about the Comptroller General of GAO who has called *the rising costs of government entitlements a "fiscal cancer" that threatens "catastrophic consequences for our country" and could "bankrupt America."*
- We are talking about the Chairman of the Federal Reserve, who said that *without "early and meaningful action" to address the rapid growth of entitlements, "the U.S. economy could be seriously weakened, with future generations bearing much of the cost."*
- We are talking about the Democrats' own witness from the Concord Coalition.
- The Democrats heard all of these witnesses, all of these warnings, and still they do nothing about entitlements.
- Obviously, they are unconcerned with the \$4.6 trillion liability in Social Security that grows by \$600 billion every year or the \$32 trillion liability in Medicare that gets larger and larger every day.
- With this budget, they are simply accepting that we are going to continue to pile up massive amounts of debt for our children and are going to force them to pay double what we do in taxes in order to sustain these programs.
- **Chart 6** – Because if you look at this next chart, you will see that the federal government is going to double in size by the year 2040 and either we're going to have to double taxes or accept the fact that we just don't have enough money to spend on health care, on defense, on national security, or on education.
- This is an enormous missed opportunity by the Democrats and I'm sad to say that they seem resigned to allowing the standard of living in this country to plummet because that is exactly what is going to happen if we continue to ignore this problem of entitlement spending year after year.
- So, in closing, let me say that I am glad to see that the Democrats balance the budget in 2012. I share this goal and commend them for getting there.

- But because of the path of big government and the tax and spend policies that the Democrats have chosen, this is going to be a short-lived success.
- As soon as we get past 2012, the year where the Democrats balance their budget on the backs of our taxpayers and the backs of our small business, it won't be long until entitlement spending drives the federal government right back into deficits for "as far as the eye can see."
- I can only hope that before then we start to address this enormous problem of entitlement spending. Because if we do not, those who believe that our society is founded on freedom, on equality of opportunity and on the individual, will have lost and we may be the first generation to sever that precious and fragile American legacy of leaving a better standard of living for future generations.